## Message Text

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PAGE 01 STATE 114493 ORIGIN EUR-12

INFO OCT-01 IO-13 ISO-00 /026 R

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DRAFTED BY EUR/CE:VGRAY:BJR APPROVED BY BY EUR/CE:VGRAY

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O 042339Z MAY 78 FM SECSTATE WASHDC TO USMISSION GENEVA IMMEDIATE

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FOR NOVOTNY AND SAYLOR - FAS, AGRICULTURE DELEGATION

FOL RPT BERLIN 03048 ACTION SECSTATE INFO BONN SOFIA 2 MAY 78 QUOTE

LIMITED OFFICIAL USE SECTION 01 OF 02 BERLIN 03048

PASS AGRICULTURE ELECTRONICALLY FOR ASST. SECRETARY HATHAWAY; HUGHES, FAS; AND NOVOTNY, FAS/G AND F BONN FOR AGATTACHE SOFIA FOR KELLY HARRISON

E.O. 11652: N/A TAGS: EAGR, GE

SUBJ: GRAIN CONSULTATIONS AND BEIL VISIT

REF: (A) STATE 99182, (B) STATE 110436, (C) BERLIN 2551, (D) BERLIN 2593

1. SUMMARY: SCHMIED OF MIN. FOREIGN TRADE SAID JUNE CONSULTATIONS ON GRAIN IN WASHINGTON TOO SOON TO SCHEDULE. EARLIEST DATE OCTOBER OR EARLY NOVEMBER. SCHMIED ALSO PROPOSES THAT STATE SECRETARY BEIL LIMITED OFFICIAL USE

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INFORMALLY DISCUSS SUBJECT OF GRAIN WITH HIGH-LEVEL USDA OFFICIAL ON MAY 10. END SUMMARY.

2. FOLLOWING RECEIPT REF. A, AGATT REQUESTED MEETING WITH DR. FRITZ SCHMIED OF MINISTRY OF FOREIGN TRADE.
MEETING TOOK PLACE MAY 2 WITH SCHMIED, GUENTER FRIEDRICH AND DIETER PEH, ALL OF MINISTRY OF FOREIGN TRADE.

- 3. REMINDING THOSE PRESENT THAT MANFRED WOLF, DIRECTOR GENERAL OF NAHRUNG, HAD INDICATED THAT HE EXPECTED TO VISIT USDA IN JUNE 1978 FOR US-GDR GRAIN CONSULTATIONS, AGATT ASKED FOR SPECIFIC SUGGESTIONS FOR DATES OF MEETING. HE ADDED THAT THE PERIOD JUNE 14-23 WOULD NOT BE DESIRABLE BECAUSE OF KEY ABSENCES FROM WASHINGTON BUT THAT PERIOD IMMEDIATELY BEFORE OR AFTER THESE DATES WOULD BE.
- 4. SCHMIED REPLIED THAT HE WAS A BIT SURPRISED BY THIS SINCE HE HAD ASSUMED THAT VISITING AGRICULTURAL PLANNING AND MARKET DEVELOPMENT GROUP WOULD BE PREPARED TO DISCUSS THIS SUBJECT AS WELL AS OTHERS. AGATT EXPLAINED THAT, AS HE HAD PREVIOUSLY ADVISED SCHMIED, THE ESSENTIAL PURPOSE OF THE VISITING TEAM WOULD BE TO DISCUSS AGRICULTURAL COOPERATION BETWEEN THE GDR AND THE U.S. IN A 5-YEAR FRAMEWORK. THERE WOULD BE NO TIME TO BACKTRACK AND MAKE POSSIBLE GRAIN CONSULTATIONS IN THIS FRAMEWORK. SCHMIED RECOGNIZED THIS.
- 5. AGATT PRESSED FOR A SPECIFIC PROPOSAL AND SCHMIED REPLIED THAT THERE WERE TWO POSSIBILITIES. THE FIRST OF THESE WOULD BE FOR STATE SECRETARY OF MINISTRY FOREIGN TRADE BEIL TO INFORMALLY DISCUSS THE SUBJECT OF GRAIN WITH AN APPROPRIATELY HIGH-LEVEL OFFICIAL FROM USDA, PREFERABLY THE SECRETARY. HE SPECIFICALLY LIMITED OFFICIAL USE

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MENTIONED THAT BEIL WOULD NOT BE INTERESTED IN "TECHNICAL LEVEL" DISCUSSIONS. SCHMIED'S SECOND PROPOSAL WAS TO MAKE ARRANGEMENTS AT THIS TIME FOR A GDR DELEGATION TO HOLD GRAIN CONSULTATIONS IN WASHINGTON DURING OCTOBER OR EARLY NOVEMBER. SCHMIED RULED OUT EARLIER CONSULTATIONS BY SUGGESTING THAT THERE IS TOO LITTLE TIME TO ARRANGE FOR A VISIT IN JUNE, THAT JULY AND AUGUST ARE VACATION MONTHS IN GDR AND THAT SEPTEMBER IS LARGELY DEVOTED TO THE FALL LEIPZIG FAIR. WHEN QUERIED BY AGATT, SCHMIED REPLIED THAT THESE TWO PROPOSALS WERE NOT MUTUALLY EXCLUSIVE AND THAT BOTH INFORMAL TALKS WITH BEIL AND REGULAR GRAIN CONSULTATIONS IN EARLY OCTOBER OR NOVEMBER COULD BE HELD.

- 6. SCHMIED CALLED BACK ON AFTERNOON OF MAY 2 TO CONFIRM THAT THESE PROPOSALS HAD BEEN PROPERLY CLEARED WITH WOLF OF NAHRUNG AND WIEGELMANN OF AGRICULTURE. HE REQUESTED THAT THE U.S. REPLY, IF AT ALL POSSIBLE, BY FRIDAY, MAY 5. HE ALSO REQUESTED THAT IF MEETINGS IN AGRICULTURE WERE NOT "DEFINITE" TO CANCEL THEM.
- 7. WHEN ASKED ABOUT THE OUTLOOK FOR GDR GRAIN PURCHASES

DURING THE CURRENT YEAR, SCHMIED REPLIED THAT EXPERTS WERE IN NAHRUNG AND IN MINISTRY OF AGRICULTURE AND THAT HE COULD NOT SAY WHETHER PURCHASES WOULD BE ABOVE OR BELOW ANY PRECISE FIGURE.

- 8. SCHMIED MADE CLEAR THAT BEIL WAS VERY INTERESTED IN HOLDING THE HIGH-LEVEL MEETINGS AT AGRICULTURE WHICH HE HAD BEEN DENIED A YEAR AGO (AGATT REITERATED THE CIRCUMSTANCES INVOLVING CONGRESSIONAL HEARINGS, ETC., WHICH LEAD TO THE INABILITY TO ARRANGE REQUESTED MEETINGS).
- 9. COMMENT: IN VIEW IMPORTANCE OF U.S. AGRICULTURAL EXPORTS OF 200-300 MILLION DOLLARS WHICH HAVE REPRESENTED OVER 80 PERCENT U.S. TOTAL EXPORTS TO GDR IN RECENT YEARS, LIMITED OFFICIAL USE

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IN VIEW OF KEY ROLE OF STATE SECRETARY BEIL IN TRADE DECISION MAKING, AND IN VIEW OF BEIL'S DISAPPOINTMENT YEAR AGO OVER INABILITY ARRANGE HIGH LEVEL MEETING IN

AGRICULTURE, RECOMMEND URGENT CONSIDERATION BE GIVEN TO ARRANGING MEETING WITH ACTING SECRETARY. THIS WOULD BE IMPORTANT STEP IN STRENGTHENING IMPORTANT AGRICULTURAL TIES AND WOULD PROVIDE OPPORTUNITY TO SET OCTOBER DATE FOR GRAIN CONSULTATIONS, ALTHOUGH GRAIN WOULD PRESUMABLY REPRESENT ONLY PART OF GENERAL DISCUSSION OF AGRICULTURE. DEPARTMENT REQUESTED COORDINATE WITH AGRICULTURE AND ADVISE BY MAY 5 AND EMBASSY WILL COMMUNICATE GDR REPLY SOONEST (NOTE: REF. B RE SECRETARY AGRICULTURE AND UNDER SECRETARY'S ABSENCE IN MOSCOW RECEIVED AFTER MEETING). END COMMENT. BOLEN UNQUOTE CHRISTOPHER

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 jan 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED Concepts: GRAINS, VISITS Control Number: n/a Copy: SINGLE Draft Date: 04 may 1978 Decaption Date: 01 jan 1960 Decaption Note: Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 20 Mar 2014 Disposition Event:

Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE114493
Document Source: CORE
Document Unique ID: 00
Drafter: VGRAY:BJR
Enclosure: n/a Enclosure: n/a Executive Order: N/A Errors: N/A

**Expiration:** 

Film Number: D780191-0555

Format: TEL From: STATE

Handling Restrictions: n/a

Image Path:

ISecure: 1 Legacy Key: link1978/newtext/t19780591/aaaadabj.tel

Line Count: 152 Litigation Code IDs: Litigation Codes:

Litigation History: Locator: TEXT ON-LINE, ON MICROFILM

Message ID: 06eacba3-c288-dd11-92da-001cc4696bcc Office: ORIGIN EUR

Original Classification: LIMITED OFFICIAL USE Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3
Previous Channel Indicators: n/a

Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 99182, 78 STATE 110436, 78 BERLIN 2551, 78 BERLIN 2593

Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags:

Review Date: 05 may 2005 Review Event: Review Exemptions: n/a **Review Media Identifier:** Review Release Date: N/A Review Release Event: n/a **Review Transfer Date:** 

Review Withdrawn Fields: n/a

SAS ID: 2788118 Secure: OPEN Status: NATIVE

Subject: GRAIN CONSULTATIONS AND BEIL VISIT

TAGS: EAGR, GC, (BEIL, GERHARD)
To: GENEVA

Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS\_Docs/06eacba3-c288-dd11-92da-001cc4696bcc

Review Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014